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Babcock & Wilcox / Annual Report 1972

Photos: Babcock & Wilcox is a leading supplier of conventional and nuclear power generating equipment for utilities. During 1972, the world's largest fossil steam system, designed and built by B&W, began successful operation at TVA's Cumberland, Tennessee plant (cover). The company received a record number of nuclear orders during the year, penetrated the European nuclear market with a sale to a West German utility, and continued its expansion in the nuclear fuel market. Above, a technician at NUMEC works on the process of manufacturing nuclear fuel pellets.

The Babcock & Wilcox Company / 92nd Annual Report

for the year ended December 31, 1972

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1972 Highlights

TOTALS	1972	1971
Sales (on percentage of completion method for long-term contracts)	$ 955,885,000	$ 959,092,000
Net income for the year	24,436,000	20,664,000
Cash dividends declared	6,833,000	6,168,000
Orders received	1,475,326,000	867,938,000
Unfilled orders	2,467,948,000	1,948,507,000
Expenditures for property, plant and equipment	41,897,000	24,283,000
Depreciation of plant and equipment	19,403,000	18,396,000
Working capital	151,250,000	144,452,000
Stockholders' equity	316,909,000	292,923,000
Number of employes at year end	34,473	36,526
Number of common stockholders at year end	27,289	27,940
Number of common shares issued at year end	12,604,906	12,366,626
PER AVERAGE NUMBER OF SHARES OUTSTANDING*		
Net income for the year	$ 1.97	$ 1.67
Cash dividends declared	.55	.50
Stockholders' equity	25.54	23.69

*1972—12,406,339; 1971—12,366,626

Contents / Letter to Stockholders 2 Financial Statements 8 Ten-year Financial Comparisons 12

To the Stockholders:

Earnings continued to improve in 1972, increasing by 18% to $1.97 per share from $1.67 a year ago. Net earnings were $24,436,000 compared with $20,664,000 in 1971.

Operating income for 1972 was slightly higher than for 1971 and I am pleased to be able to report for the first time that nuclear activities were profitable, despite absorption of significant costs in connection with nuclear steam supply systems. The improvement in results of nuclear activity was partially offset by reduced income in fossil steam generation. Net income increased as a result of higher investment income, reduced interest expense and an increase in the investment credit which reduced the provision for income taxes.

In addition to reporting profitable performance in nuclear activity for the first time, the company made significant progress on several other fronts in 1972:

- Received a good volume of orders for both fossil and nuclear steam generating systems.
- Obtained the first order from a foreign utility for a B&W nuclear steam supply system.
- Achieved a record backlog of nearly $2,500,000,000.
- Successfully started up the world's largest fossil fuel steam generator.
- Increased orders for industrial boilers.
- Expanded mechanical tubing capacity of the Tubular Products division to meet changing market requirements.
- Further penetrated markets for ceramic fibers.
- Achieved rapid growth of control valve business.
- Made organizational changes to provide stronger controls.

Also during the year repairs and alterations were successfully completed on the nuclear steam system for Duke Power Company's Unit No. 1 at Oconee, which was damaged during hot functional testing earlier in the year. The unit has now satisfactorily completed its hot functional test. Similar alterations to other nuclear steam systems are being made, a major share of the work having been accomplished in 1972. Including Duke's Oconee No. 1, several B&W nuclear steam systems are scheduled to start operating in 1973.

George G. Zipf, President and Chief Executive Officer

Shipments in 1972 were $955,885,000, approximately the same as 1971 shipments of $959,092,000. New orders totaled $1,475,326,000 in 1972 and the backlog at the end of the year reached a record $2,467,948,000, compared with $1,948,507,000 a year ago. The total nuclear backlog amounts to approximately $1,543,000,000.

It is expected that 30% of the current backlog will be recorded as shipments in 1973, approximately 51% in 1974 through 1976, and approximately 19% thereafter.

1972 dividend. On February 24, 1972, the Board of Directors increased the annual dividend to 55 cents from 50 cents per share.

Markets served by B&W. As a supplier of products and services for a broad range of industries, the company is aligned with such growth areas in the seventies as energy, environmental protection, automation, transportation and construction.

The approximate distribution of shipments for 1972 and 1971 by markets was as follows:

	1972	1971
Electric Utilities	49%	53%
Government	16	15
Warehouse and Distributors	7	7
Machinery	6	5
Pulp and Paper	4	4
Fabricated Metal Products	4	4
Transportation	4	3
Primary Metals	3	3
Chemical and Petroleum	2	1
Miscellaneous	5	5
	100%	100%

Nuclear power. In achieving its nuclear market goal in 1972 the company obtained orders for six nuclear steam supply systems and associated nuclear fuel worth $358,000,000.

At the end of 1972, B&W had built, or had orders to supply, 22 nuclear steam systems representing a cumulative capacity of more than 20,000 megawatts of electricity.

Of the new orders received during the year, five were from U.S. utilities. Two of these were from Detroit Edison, which plans to install the systems at the Greenwood Energy center in St. Clair County, Michigan. The first unit is scheduled to begin operation in the late seventies and the second in the early 1980's. Each will provide power to produce approximately 1200 megawatts.

The Virginia Electric & Power Company (VEPCO) placed its second order in two years with B&W for two nuclear steam systems that will be duplicates of those ordered in 1971. Each of the four units will produce about 900 megawatts of electricity for the VEPCO system. The Construction Company was also awarded a large volume of business for erection of VEPCO's nuclear steam supply systems.

The fifth order was from the Washington Public Power Service System (WPPSS) for a single unit to be installed at a plant in Hanford, Washington, in 1980. This system, for the WPPSS Nuclear Reactor Project No. 1, will provide 1200 megawatts.

B&W will supply the initial nuclear fuel core for all of these units as well as significant amounts of replacement fuel. In addition, the company's Tubular Products division will be producing high nickel alloy tubing for the steam generators; Bailey Meter Company, a subsidiary, will provide the instruments and controls; and Diamond Power, another subsidiary, will furnish the control-rod drives and reflective metallic insulation for each of the systems.

The company's sixth order in 1972 came from West Germany's largest utility and was the first sale of a B&W utility nuclear steam system in Europe. The multi-million dollar contract for a turnkey plant was awarded to a consortium composed of B&W's subsidiary, Babcock-Brown Boveri Reaktor GmbH (BBR) and Brown Boveri Cie, AG, both of Mannheim, West Germany.

The 1215 megawatt steam supply system will be furnished to Reinisch-Westfaelisches Electrisitaetswerk AG (RWE) of Essen, for its plant in Mülheim-Kärlich near Koblenz, West Germany.

Babcock-Brown Boveri Reaktor GmbH (BBR), of which B&W (U.S.A.) owns 69%, will supply the nuclear steam system and associated equipment. Brown Boveri, the consortium leader, will provide the balance of the plant. Major components for this order will come from the United States. Babcock-Brown Boveri, which has orders with this contract for the initial nuclear fuel core and two complete reload cores, also plans to participate in the European nuclear fuel market.

Babcock-Atlantique of France, with whom B&W signed a nuclear cooperation agreement in 1971, is actively pursuing the nuclear market in France.

In other nuclear activities, a subsidiary, Nuclear Materials and Equipment Corporation (NUMEC), is undergoing a $2.6 million expansion that will increase its capacity. Pre-production qualification activity has been completed on plutonium fuel pins for the AEC's Fast Flux Test Facility and work is now commencing on production quantities of the pins.

B&W continues as an important producer of nuclear fuel and components for the U.S. Navy. New orders for this business amounted to $250,374,000 last year.

Conventional power. Improved sales were recorded in 1972 for fossil steam generation systems for utilities as well as industrial and marine markets.

Contracts worth about $290,000,000 were received during the year for conventional powered units generating more than 10,200 megawatts of electricity.

The largest single order was from Commonwealth Edison Company of Chicago for the fabrication and erection of seven oil-fired generating units each capable of producing about 500 megawatts.

Other large contracts were received from Baltimore Gas & Electric Company, Kansas City Power & Light Company, Buckeye Power, Inc., of Columbus, Ohio, Southwestern Electric Power Company and a joint order from the New York State Electric and Gas Corporation and the

Pennsylvania Electric Company. These systems will be in the 600 megawatt range and will be designed to standards that comply with current environmental requirements.

During the year, the world's largest conventional steam generating unit was successfully placed in operation at TVA's Cumberland, Tennessee site. A second unit is nearing completion. The B&W designed and manufactured steam generator will produce approximately 1300 megawatts of electricity. Erection is now underway on two of four units of similar size purchased from B&W by the American Electric Power Company.

Sales continued strong for high capacity package boilers that are shipped to industrial customers completely assembled as one unit ready to be incorporated into the piping systems. This eliminates the need for costly on-site construction. The growing market for these package boilers, capable of producing up to 400,000 pounds of steam per hour, includes the chemical and process industries, pulp and paper companies, steel mills, hospitals and other institutions.

In 1972, the market for kraft recovery boilers improved significantly over the previous year. These units incinerate black liquor produced as a by-product in paper manufacture. Many of these units are used in a B&W developed system that substantially reduces the odorous gases discharged from pulp and paper manufacture.

The U.S. Merchant Marine Act provides incentives to the shipping industry to build vessels in American yards and there should be a sizeable increase in contracts for marine boilers. In 1972 we received orders for seventeen units in the United States. Foreign activity also remains strong and orders were received for twelve marine boilers for six Italian built ships. These boilers will be built in Italy as a result of an agreement with Cantieri Navali Del Tirreno E Ruiniti of Genoa, Italy. Major pressure parts will be supplied from our shops in the U.S.A.

B&W is continuing its close cooperation with the U.S. Maritime Administration in the development of an advanced nuclear reactor for a new generation of U.S. merchant vessels. Many very large tankers will be built in the next decade and B&W's Consolidated Nuclear Steam Generator (CNSG) makes atomic power very attractive for these and other large vessels such as container-ships and icebreakers.

Environmental protection. In the pollution control market, the company is developing systems and producing equipment for a growing number of applications.

Babcock & Wilcox and Esso Research and Engineering, a division of Exxon, are in the final stages of developing plans for building a full-scale dry collection system for the removal of sulphur and particulate matter from utility stacks. The American Electric Power Company has asked B&W to submit final designs and a feasibility study for the project. If the project proceeds, the system will be ready for operation by late 1974. Following this, the market could be opened for commercial units by 1975 or 1976.

The B&W-Esso method provides certain advantages over other systems in that the process reduces sulphur dioxide and nitrogen oxide emissions simultaneously and also minimizes the problems of spent material disposal. Because it is a dry process, there is no possibility of water pollution.

B&W also has an experimental limestone "wet scrubbing" gas cleanup system in operation at a Commonwealth Edison plant and is constructing one at a plant jointly owned by Kansas City Power & Light Company and Kansas Gas and Electric Corporation.

Another development in the environmental control area is a B&W designed system to burn municipal refuse and generate steam for power. One such unit is operating in the city of Hamilton, Ontario and a second system with two B&W boilers has been sold to the city of Nashville, Tennessee.

Favorable comments were received from government officials and community leaders this year upon completion of a $12 million air quality control system at our steel plants in Beaver Falls, Pennsylvania. This system, designed to meet both federal and state regulations, is approximately 99% effective in collecting particulate matter and is operating successfully.

Tubular products. Demand for our specialty steel and tubular products developed more slowly than expected during the first part of the year. This situation was caused primarily by the sluggishness in new orders from the process and metalworking industries and the adverse impact of imported tubing. However, a moderate upturn did occur in the fourth quarter.

The specialty steel business continues to undergo change as customers are maintaining smaller inventories and demanding shorter delivery dates. In general, the market for pressure tubing is leveling off while demand for mechanical tubing is increasing. To meet these and other changing market needs, a $16 million expansion and modernization program is well underway at the Tubular Products division facilities in Beaver Falls, Pennsylvania, Alliance, Ohio and Milwaukee, Wisconsin. This program will be completed in 1973. Included are increased capacity for cold-finished tubes at Beaver Falls, a new welded tube mill at Alliance to produce larger-sized mechanical tubing and additional steelmaking processes. These latter are an argon-oxygen decarburizing process and an electro-slag remelting operation. These will improve quality and cost effectiveness and broaden our markets for high-alloy and stainless steel products.

Industrial products. The Bailey Meter Company, a B&W subsidiary providing instrumentation and control systems for utility and marine applications, acquired at year-end various assets from General Electric Company constituting the GE-Mac process instrumentation business. The GE-Mac line, with annual sales in the range of $12 million, puts Bailey into new markets and includes electronic process control equipment used by industries such as petroleum, chemical and paper to automatically control manufacturing processes.

Bailey further expanded its operations by establishing a company in West Germany.

Another subsidiary, Control Components, Inc., moved into its new $2.5 million facility on a 20-acre plant site in Irvine, California. Orders continued to increase for CCI's patented control valves that regulate flow and greatly reduce noise in piping systems for utility, chemical, petroleum, and marine applications.

Diamond Power Specialty Corporation became a wholly-owned subsidiary of B&W with the acquisition of the 15% outstanding stock of the minority stockholders. B&W originally acquired its holdings in the company in 1928. The Diamond facility in Lancaster, Ohio, was expanded during 1972 to add production space for the company's Mirror metallic reflective insulation.

The Automated Machine division, which had a sales decline in 1971, experienced a gradual increase in volume during 1972. This business has been traditionally directed toward the automotive industry, but increased emphasis is being placed on such markets as farm and construction equipment, aircraft and appliances.

During the latter part of the year, the division licensed Koyo Seiko Co., Ltd. to manufacture B&W-designed machine tools in Japan. Last year a licensing agreement was completed with Industrias Romi S.A. of São Paulo, Brazil. These agreements are part of AMD's program to extend the

The B&W Construction Company is completing the last phase of work at Detroit Edison's Monroe, Michigan Station No. 3. The contract calls for erection of a B&W designed 800 megawatt Universal Pressure boiler as well as the majority of construction on this power plant itself. Scheduled completion is planned in 1973.

market for B&W machine tools to other countries. AMD is also involved in developing equipment to produce components for new types of automotive engines including the rotary type.

Refractories. Sales of ceramic fibers continued to increase in 1972 on a worldwide scale. Responding to this growing demand, fiber production capacity is being increased at home and abroad.

The Refractories division enlarged its ceramic fiber product line during the year by acquiring the assets of Engineered Specialties Division of DeSoto, Inc., a leading manufacturer of vacuum-formed ceramic fiber shapes. This enables the Refractories division to penetrate the consumer market area by supplying vacuum-formed element supports for glass-top electric ranges and catalytic heaters.

Management. To further strengthen organizational control in the light of continuing growth and diversification, certain divisions and subsidiaries have been consolidated into groups with operating responsibility delegated to the new position of group vice president reporting directly to me.

A. P. Taber, a corporate vice president and director, was appointed group vice president, Power Generation Group. This is composed of six units—Nuclear Power Generation, Fossil Power Generation, Industrial and Marine, Nuclear Equipment, B&W Construction Company and B&W Canada Ltd.

Howard D. Kurt joined the company to become group vice president, Industrial Products Group. Reporting to Mr. Kurt are Bailey Meter Company, Control Components, Diamond Power Specialty Corporation and the Automated Machine division.

Named corporate vice presidents during the year were William H. Jackson, vice president of Marketing and Sales, Power Generation Group, and Arthur C. Tendler, vice president—International.

Stephen W. Baranyk joined B&W to become division vice president and head of the Automated Machine division. John L. Menson, vice president —operations of Diamond Power Specialty Corp., succeeded Mr. Jackson as president of Diamond. Nelson S. Courtright was appointed president of Bailey Meter Company Limited, Canada, and William R. Campbell, president of Bailey Meter Australia. Paul B. Crowley was appointed president of B&W Refractories Limited, Canada, replacing F. J. Rutherford who retired.

Other management changes included the following: W. H. Rowand, a corporate vice president, retired after 43 years of service in power generation activities with the company.
R. H. Harrison, a corporate vice president and head of the Washington office, retired and James Taylor, Jr., succeeded him as general manager.
C. T. Smith, corporate vice president, resigned for personal reasons and is continuing on special assignments.

B. A. Tompkins, a director of the company since 1938, died on May 7, 1972. A man of wide interests and attainment, his counsel and friendship will be missed.

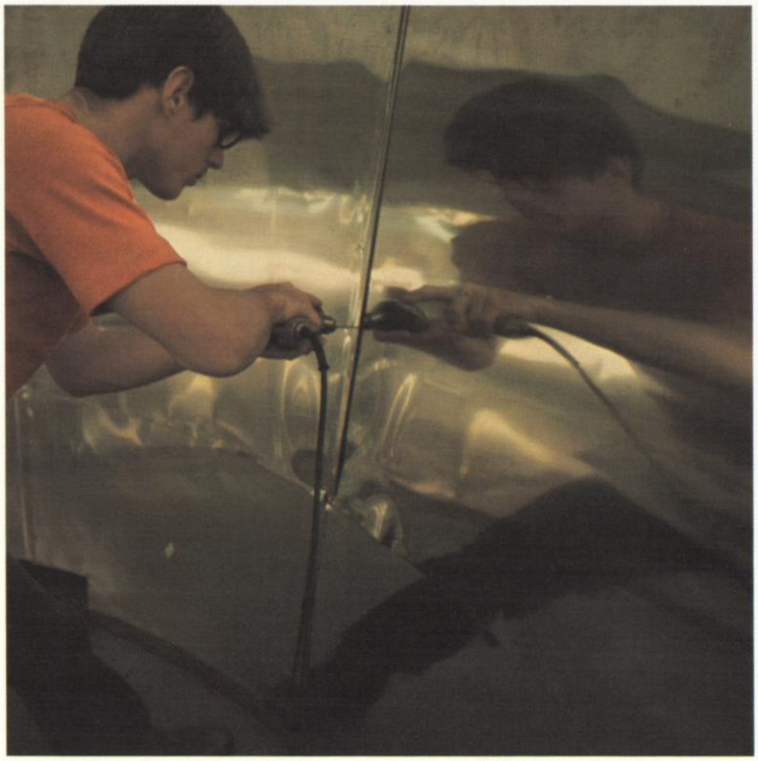
As we review the continuing improvement in the operations of the company, we are grateful for the contributions of our dedicated employes and the support of our many customers and stockholders.

Outlook for 1973. Our record backlog gives us a good base for 1973 and new orders have been increasing in January and February. Economic indicators continue to point to a high level of business activity during the year. Our shipments should exceed $1,000,000,000 for the first time. Labor contracts in our own company, as well as in major markets we serve, are due for negotiation. We are hopeful that they can be settled within the economic guidelines of Phase III. Failure to accomplish this could have an adverse effect on performance. Nevertheless, the company's internal improvements continue at a strong pace and, based on current trends, we expect that 1973 will again show a good increase in earnings.

George G. Zipf

George G. Zipf
President and Chief Executive Officer

February 22, 1973



Upper left: Over 70,000 feet of 2-inch stainless steel tubing was supplied by the Tubular Products division to the Dravo Corporation for the fabrication of these cylindrical coils. The coils, 48 feet in diameter, are being airlifted to a river barge for shipment to a new nuclear fuel recycling plant in Barnwell, South Carolina. The steel piping will be used to carry water for cooling nuclear waste material.

Lower left: A workman at the Diamond Power Specialty Corporation assembles Mirror reflective metallic insulation used in nuclear power plants. The B&W subsidiary is currently expanding its manufacturing operations for this product to meet future production schedules.

Upper right: Nuclear power plant operators test the computerized control system that will eventually control the Rancho Seco nuclear power plant of the Sacramento Municipal Utility District. The system, an 855 direct digital computer manufactured by B&W's Bailey Meter Company, will automate a complete range of functions within the plant.

Lower right: Control Components, Inc., a B&W subsidiary that manufactures velocity control valves and other specialty fluid controls, has moved into this new $2.5 million plant located on a 20-acre site in Irvine, California.

Financial Statements

Consolidated Statement of Income and Retained Earnings

	For the Calendar Year	
	1972	1971
Sales (on percentage of completion method for long-term contracts)	$955,885,195	$959,092,104
Costs and expenses:		
Costs and operating expenses	818,570,350	828,166,848
Research and development expenses	20,603,198	21,369,476
Selling, general and administrative expenses	51,721,529	46,160,263
Depreciation of plant and equipment	19,402,891	18,396,191
	910,297,968	914,092,778
Income from operations	45,587,227	44,999,326
Income from investments and marketable securities	3,157,310	1,931,013
Interest expense	(6,446,756)	(8,343,931)
Income before taxes and minority interests	42,297,781	38,586,408
U.S. and foreign taxes on income:		
Current	1,426,000	1,391,000
Deferred	16,354,000	15,779,000
	17,780,000	17,170,000
	24,517,781	21,416,408
Income applicable to minority interests	(82,221)	(752,316)
Net income for the year (per share: 1972—$1.97; 1971—$1.67)	24,435,560	20,664,092
Cash dividends declared (per share: 1972—$.55; 1971—$.50)	6,832,836	6,168,297
Remainder, to retained earnings	17,602,724	14,495,795
Retained earnings at beginning of year	210,591,372	196,095,577
Retained earnings at end of year	$228,194,096	$210,591,372

Consolidated Statement of Changes in Financial Position

	For the Calendar Year	
	1972	1971
WORKING CAPITAL AT BEGINNING OF YEAR	$144,452,402	$128,355,483
FINANCIAL RESOURCES WERE PROVIDED BY:		
Net income	24,435,560	20,664,092
Add—Charges not reducing working capital:		
Depreciation	19,402,891	18,396,191
Deferred income taxes	1,110,000	3,510,000
Income applicable to minority interests	82,221	752,316
Working capital provided by operations for the period	45,030,672	43,322,599
Fair market value of common stock issued for purchase of minority interests in subsidiary	6,383,521	
Additional noncurrent borrowings	14,585,687	72,385,942
	65,999,880	115,708,541
FINANCIAL RESOURCES WERE USED FOR:		
Additions to property, plant and equipment	41,896,636	24,283,054
Cash dividends declared	6,832,836	6,168,297
Repayment of noncurrent indebtedness	3,691,182	62,200,000
Change in investments	473,415	1,395,371
Purchases of and other changes in minority interests	3,804,868	4,771,258
Other, net	2,503,607	793,642
	59,202,544	99,611,622
NET INCREASE IN WORKING CAPITAL (Note 8)	6,797,336	16,096,919
WORKING CAPITAL AT END OF YEAR	$151,249,738	$144,452,402

Consolidated Balance Sheet

	At December 31	
	1972	1971
ASSETS		
CURRENT ASSETS		
Cash	$ 21,259,147	$ 24,828,643
Marketable securities, at cost (approximate market)	18,290,628	949,618
Accounts receivable (net of allowance for doubtful accounts: 1972—$3,729,492; 1971—$3,553,485)	141,041,136	138,177,813
Unbilled sales	103,445,302	101,006,906
Inventories, including long-term contract costs (less progress payments on contracts) (Note 1)	170,242,514	157,197,785
TOTAL CURRENT ASSETS	454,278,727	422,160,765
NONCURRENT RECEIVABLES	276,007	1,409,307
INVESTMENTS, principally at cost	11,719,852	11,246,437
PROPERTY, PLANT AND EQUIPMENT, at cost less accumulated depreciation (Note 3)	238,278,543	216,472,264
PREPAID EXPENSES AND OTHER ASSETS	12,025,975	7,701,602
TOTAL ASSETS	$716,579,104	$658,990,375
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 11,670,591	$ 11,646,799
Accounts payable and accrued liabilities	192,987,900	182,956,642
Provision for warranty expense	33,803,567	32,530,088
Cash dividends payable	1,733,227	1,544,136
U.S. and foreign income taxes (including deferred taxes: 1972—$67,195,000; 1971—$52,081,000)	62,833,704	49,030,698
TOTAL CURRENT LIABILITIES	303,028,989	277,708,363
NONCURRENT INDEBTEDNESS (Note 5)	78,380,447	67,485,942
DEFERRED INCOME TAXES	17,460,000	16,350,000
MINORITY INTERESTS IN SUBSIDIARY COMPANIES	800,624	4,523,271
TOTAL LIABILITIES	399,670,060	366,067,576
STOCKHOLDERS' EQUITY		
Capital Stock:		
Preferred, cumulative, no par; authorized and unissued 2,000,000 shares		
Common, par value $4.50; authorized 18,000,000 shares, issued: (1972—12,604,906 shares; 1971—12,366,626 shares) (amounts include excess over par value-capital surplus: 1972—$31,992,871; 1971—$26,681,610) (Note 7)	88,714,948	82,331,427
Retained earnings	228,194,096	210,591,372
TOTAL STOCKHOLDERS' EQUITY	316,909,044	292,922,799
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$716,579,104	$658,990,375

Opinion of Independent Accountants

To the Stockholders and Directors of
The Babcock & Wilcox Company:

In our opinion, the accompanying consolidated balance sheets and the related statements of consolidated income and retained earnings and of changes in financial position present fairly the financial position of The Babcock & Wilcox Company and its subsidiaries at December 31, 1972 and 1971, the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

New York, N.Y., February 2, 1973

Summary of Significant Accounting Policies

Principles of consolidation:

The consolidated financial statements include The Babcock & Wilcox Company and all subsidiary companies. Significant subsidiaries are principally located in the United States. The accounts of foreign subsidiaries have been converted into U. S. dollars at year-end exchange rates, except for property, plant and equipment which has been converted at appropriate historical rates.

Long-term contracts:

A significant part of the company's business is done under contracts requiring long periods to perform, in many cases several years. For financial accounting purposes, the company records sales and cost of sales by the percentage of completion method related principally to shipments or, in the case of nuclear contracts, to incurred direct labor. Sales so recorded are carried in unbilled sales until invoiced to customers under terms of the contracts.

The costs recorded on uncompleted individual long-term contracts within each fiscal period are based upon estimates to complete. Cost estimates are reviewed periodically as the work progresses and adjustments proportionate to the percentage of completion are reflected in the period when such estimates are revised.

Under the foregoing accounting for long-term contracts, inventories are stated at accumulated production costs less estimated costs of partial shipments. The amount at which such inventories are carried does not exceed realizable value. Progress payments applicable to these inventories are deducted for balance sheet presentation.

Other inventories:

Inventories are stated generally at the lower of cost or market. Cost is determined on the average or first-in, first-out basis for raw materials and supplies and accumulated production costs for work in process and finished products.

Warranty expense:

The company provides, as shipments are recorded, for estimated future expenditures which may be required to satisfy warranties.

Depreciation:

For financial accounting purposes, depreciation is computed on the straight-line method, using estimated useful lives of 10 to 40 years for buildings and 5 to 20 years for machinery and equipment.

Income taxes:

The company provides deferred income taxes for the timing differences between financial and tax reporting, which relate principally to the use for tax purposes of the completed contract method for long-term contracts, accelerated depreciation, and incurred warranty expense.

The job development investment credit is recognized fully as reductions of tax provisions in the year in which qualified assets are placed in service.

Research and development:

The cost of research and development which is not performed on specific contracts is charged against operations as incurred.

Pension plans:

The company has several pension plans, principally non-contributory, covering substantially all employes. Benefits under the plans are being funded and charged to operations in amounts actuarially determined to be necessary to provide benefits currently earned during the year, and to amortize prior service costs over a period not to exceed 40 years.

Earnings per share:

Earnings per share are computed on a weighted average of shares outstanding during the year.

Notes to Consolidated Financial Statements

Note 1—The consolidated inventories at December 31 are summarized below:

	1972	1971
Raw materials and supplies	$ 65,509,000	$ 63,520,000
Work in process	144,593,000	128,052,000
Finished products	13,612,000	14,409,000
	223,714,000	205,981,000
Less: Progress payments	53,471,000	48,783,000
	$170,243,000	$157,198,000

Note 2—The company has provided when determinable for actions required to alleviate delays and the effects of delays in carrying out some long-term nuclear contracts. Costs and expenses not provided for, including claims, may result from delays but management does not expect that amounts, if any, will be material.

Note 3—Consolidated property, plant and equipment at December 31 are summarized below:

	1972	1971
Land	$ 6,034,000	$ 5,554,000
Buildings	126,995,000	120,387,000
Machinery and equipment	306,739,000	288,246,000
Construction in progress	20,771,000	12,194,000
	460,539,000	426,381,000
Less: Accumulated depreciation	222,260,000	209,909,000
	$238,279,000	$216,472,000

Note 4—As a result of the tax timing differences, referred to under accounting policies, the company for federal income tax reporting is entitled currently to report a net operating loss which, together with unused investment credits, is applicable against taxable income or tax payable over the next five and seven years, respectively.

The 1972 deferred income tax provision is net of $1,490,000 ($530,000 in 1971) job development investment credits on qualifying property additions.

Note 5—Noncurrent consolidated obligations at December 31 consisted of the following:

	1972	1971
9% Promissory Notes, payable in annual installments of $3,300,000 beginning October 1, 1977	$50,000,000	$50,000,000
Construction advance, convertible July 1, 1973 into an obligation payable in equal installments through 1983	11,424,000	—
3⅝% and 3⅞% Notes, due 1974	3,400,000	5,600,000
Eurodollar loan, due 1975	9,500,000	9,500,000
Other	4,056,000	2,386,000
	$78,380,000	$67,486,000

The company has the option until December 31, 1973 to borrow at prime rates up to an aggregate of $100,000,000 under a line of credit.

Certain of the agreements contain, among other things, requirements as to consolidated working capital, as defined, and dividend declarations. At December 31, 1972 and 1971, all such requirements have been met.

Note 6—Total pension expense charged to income was $20,054,000 in 1972 and $13,872,000 in 1971. Based upon the latest actuarial valuation which recognized the 1972 amendments to certain pension plans, unfunded prior service costs at December 31, 1972 were approximately $111,300,000 (1971—$61,500,000). The actuarially computed value of vested benefits for all plans as of December 31, 1972, exceeded the total of the pension fund and balance sheet accruals by approximately $30,700,000.

Note 7—Changes in common stock during 1972 were as follows:

	AMOUNT			
	Shares	Capital Stock	Capital Surplus	Total
Balance at December 31, 1971	12,366,626	$55,650,000	$26,682,000	$82,332,000
Issued for acquisition of Diamond Power Specialty Corporation minority interests	238,280	1,072,000	5,311,000	6,383,000
Balance at December 31, 1972	12,604,906	$56,722,000	$31,993,000	$88,715,000

The stockholders on April 26, 1972 approved a new stock option plan for key employes, of the company and its subsidiaries, who have not attained the age of 60 at the time of grant. A total of 500,000 shares of either authorized but unissued or previously issued and reacquired shares of common stock may be used for granting options under this plan. The plan covers both options qualified under Section 422 of the Internal Revenue Code and nonqualified options. Options are granted at an option price equal to at least 100% of the fair market value on the date of the grant. Qualified and nonqualified options shall expire not more than five and ten years, respectively, after the date of grant. Options are exercisable one year after the date of grant in installments determined by the Board of Directors. Shares not purchased on the installment date may be purchased any time prior to final expiration of the option.

Transactions in 1972 under the stock option plans approved by the stockholders in 1958, 1963 and 1972 are summarized as follows:

	SHARES		
	1958 Plan	1963 Plan	1972 Plan
Options outstanding on January 1, 1972	13,716	137,500	—
Options granted	—	—	51,700
Options exercised	(13,716)	—	—
Options outstanding on December 31, 1972	—	137,500	51,700
Options which became exercisable during 1972	—	45,799	—

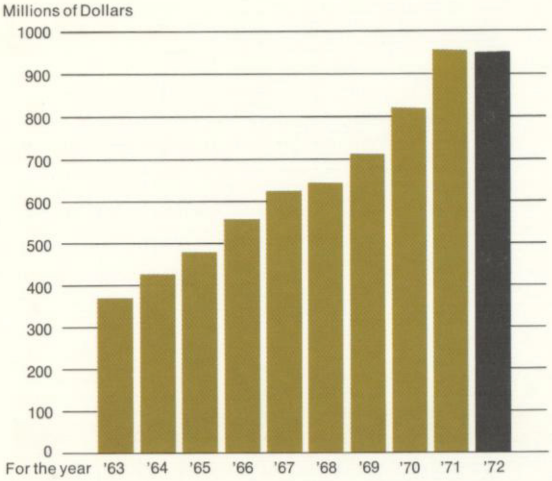
No further options may be granted under either the 1958 or 1963 plans.

Note 8—The changes in the components of working capital are summarized as follows:

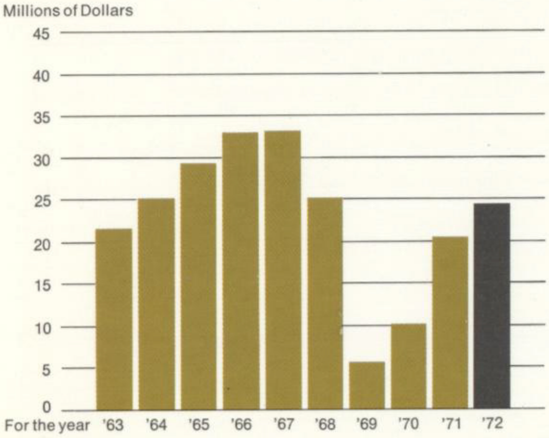
	1972	1971
Increase (decrease) in current assets:		
Cash	$ (3,569,000)	$ (1,692,000)
Marketable securities	17,341,000	453,000
Accounts receivable	2,863,000	6,726,000
Unbilled sales	2,438,000	5,228,000
Inventories	13,045,000	(4,803,000)
	32,118,000	5,912,000
Increase (decrease) in current liabilities:		
Notes payable	24,000	(70,283,000)
Accounts payable and accrued liabilities	10,031,000	29,549,000
Provision for warranty expense	1,273,000	9,501,000
Cash dividends payable	189,000	4,000
U.S. and foreign income taxes	13,803,000	21,044,000
	25,320,000	(10,185,000)
Net increase in working capital	$ 6,798,000	$16,097,000

Note 9—The company performs significant amounts of work for the government under both prime contracts and subcontracts and thus is subject to continuing reviews by governmental agencies.

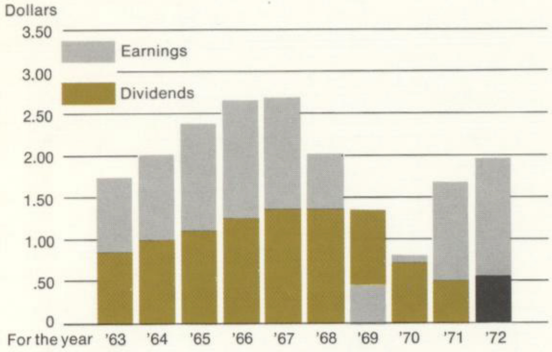
Sales (shipments)



Net Income



Earnings per Share and
Cash Dividends Declared per Share
(adjusted for stock split)



Income and Retained Earnings

Ten-Year Comparison (in thousands of dollars) For the Calendar Year

Sales (on percentage of completion method for long-term contracts)
Costs and expenses except depreciation
Depreciation

Income from operations
Income from investments and marketable securities
Interest expense
Income before taxes and minority interests
U.S. and foreign taxes on income

Income applicable to minority interests
Net income for the year
Equity in earnings of subsidiary prior to obtaining majority control

Cash dividends declared
Remainder, to retained earnings
Retained earnings at beginning of year
Retained earnings at end of year

Changes in Financial Position

Ten-Year Comparison (in thousands of dollars) For the Calendar Year

WORKING CAPITAL AT BEGINNING OF YEAR
FINANCIAL RESOURCES WERE PROVIDED BY:
  Net income
    Add—Charges not reducing working capital:
      Depreciation
      Deferred income taxes
      Income applicable to minority interests
  Working capital provided by operations for the period
  Fair market value of common stock issued
    for purchase of minority interests in subsidiary
  Additional noncurrent borrowings

FINANCIAL RESOURCES WERE USED FOR:
  Additions to property, plant and equipment
  Cash dividends declared
  Repayment of noncurrent indebtedness
  Change in investments
  Purchases of and other changes in minority interests
  Change in noncurrent receivables
  Other, net

NET INCREASE (DECREASE) IN WORKING CAPITAL
WORKING CAPITAL AT END OF YEAR

Statistics

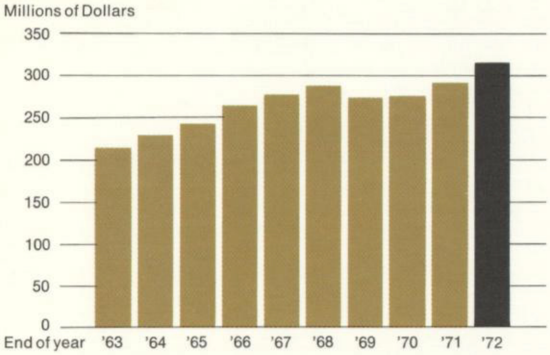
Income from operations—% of sales
Net income for year—% stockholders' equity first of year
Orders received—thousands of dollars
Unfilled orders—thousands of dollars
Common shares issued end of year
Per average number of shares outstanding;
  1972—12,406,339; 1963-71—12,366,626 (adjusted for stock split):
    Income for year
    Cash dividends declared
    Stockholders' equity

1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
$955,885	$959,092	$826,424	$718,566	$647,613	$624,723	$561,627	$481,600	$430,957	$377,684
890,895	895,697	782,779	690,111	584,522	545,935	485,628	412,487	370,335	321,392
19,403	18,396	16,417	13,439	10,934	16,436	14,778	13,519	12,825	11,227
910,298	914,093	799,196	703,550	595,456	562,371	500,406	426,006	383,160	332,619
45,587	44,999	27,228	15,016	52,157	62,352	61,221	55,594	47,797	45,065
3,157	1,931	1,459	505	928	305	2,095	1,461	2,224	2,035
(6,446)	(8,344)	(11,449)	(9,022)	(3,391)	(1,412)	(838)	(715)	(750)	(834)
42,298	38,586	17,238	6,499	49,694	61,245	62,478	56,340	49,271	46,266
17,780	17,170	6,390	190	23,710	27,260	28,710	26,060	23,480	24,240
24,518	21,416	10,848	6,309	25,984	33,985	33,768	30,280	25,791	22,026
(82)	(752)	(827)	(584)	(742)	(770)	(766)	(830)	(595)	(279)
24,436	20,664	10,021	5,725	25,242	33,215	33,002	29,450	25,196	21,747
								1,030	
24,436	20,664	10,021	5,725	25,242	33,215	33,002	29,450	26,226	21,747
6,833	6,168	8,810	16,752	16,726	16,681	15,313	13,458	12,211	10,480
17,603	14,496	1,211	(11,027)	8,516	16,534	17,689	15,992	14,015	11,267
210,591	196,095	194,884	205,911	197,395	180,861	163,172	147,180	133,165	121,898
$228,194	$210,591	$196,095	$194,884	$205,911	$197,395	$180,861	$163,172	$147,180	$133,165

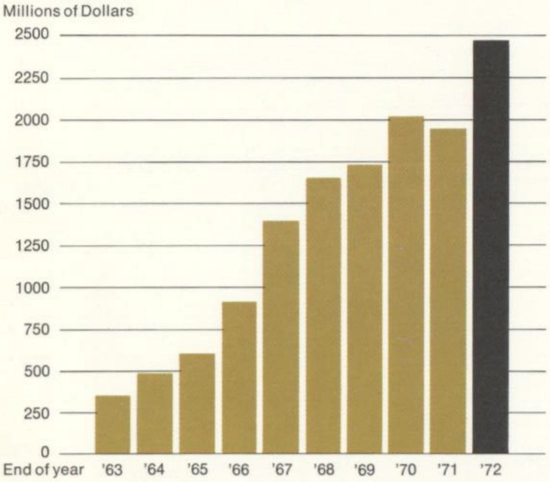
1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
$144,452	$128,355	$141,205	$214,728	$180,735	$156,721	$163,400	$137,710	$119,851	$129,873
24,436	20,664	10,021	5,725	25,242	33,215	33,002	29,450	25,196	21,747
19,403	18,396	16,417	13,439	10,934	16,436	14,778	13,519	12,825	11,227
1,110	3,510	3,900	5,015	3,925					
82	752	827	584	742	770	766	830	595	279
45,031	43,322	31,165	24,763	40,843	50,421	48,546	43,799	38,616	33,253
6,383									
14,586	72,386	13,500	22,000	59,000	28,000				
66,000	115,708	44,665	46,763	99,843	78,421	48,546	43,799	38,616	33,253
41,897	24,283	25,340	50,523	37,388	33,509	34,807	19,610	12,265	23,101
6,833	6,168	8,810	16,752	16,726	16,681	15,313	13,458	12,211	10,480
3,691	62,200	12,200	53,200	14,200	2,200	2,200		2,200	2,200
473	1,395	9,511		(1)	(106)	(514)	(317)	(1,343)	1,753
3,805	4,771	237	204	320	320	278	(40)	(2,529)	(463)
(1,133)	218	(157)	(669)	(1,612)	1,547	1,695	(13,535)	(1,877)	6,072
3,636	576	1,574	276	(1,171)	256	1,446	(1,067)	(170)	132
59,202	99,611	57,515	120,286	65,850	54,407	55,225	18,109	20,757	43,275
6,798	16,097	(12,850)	(73,523)	33,993	24,014	(6,679)	25,690	17,859	(10,022)
$151,250	$144,452	$128,355	$141,205	$214,728	$180,735	$156,721	$163,400	$137,710	$119,851

1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
4.8%	4.7%	3.3%	2.1%	8.1%	10.0%	10.9%	11.5%	11.1%	11.9%
8.3%	7.4%	3.6%	2.0%	9.0%	12.6%	13.4%	12.8%	11.7%	10.6%
$1,475,326	$ 867,938	$1,118,298	$ 812,758	$ 911,082	$1,099,295	$840,064	$651,195	$525,814	$398,990
$2,467,948	$1,948,507	$2,039,661	$1,747,787	$1,653,595	$1,390,127	$915,555	$637,118	$467,523	$372,666
12,604,906	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626	12,366,626	6,183,313
$1.97	$ 1.67	$ .81	$ .46	$ 2.04	$ 2.69	$ 2.67	$ 2.38	$ 2.04	$ 1.76
.55	.50	.72	1.36	1.36	1.36	1.25	1.10	1.00	.86
25.54	23.69	22.51	22.42	23.31	22.62	21.28	19.85	18.56	17.43

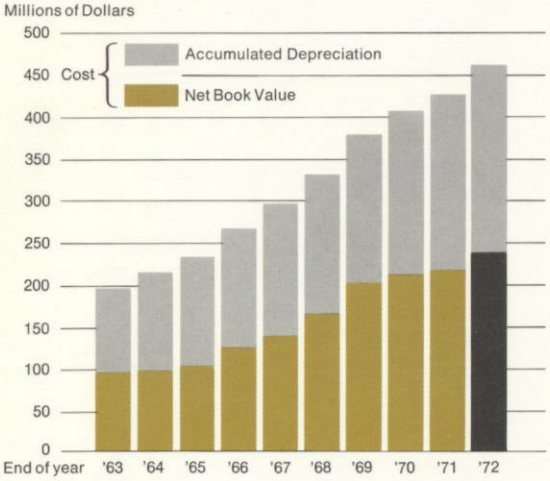
Stockholders' Equity



Unfilled Orders



Property, Plant and Equipment



Balance Sheets

Ten-Year Comparison (in thousands of dollars) At December 31

ASSETS

CURRENT ASSETS
Cash
Marketable securities
Accounts receivable
Unbilled sales
Inventories
TOTAL CURRENT ASSETS
NONCURRENT RECEIVABLES
INVESTMENTS
PROPERTY, PLANT AND EQUIPMENT
PREPAID EXPENSES AND OTHER ASSETS
TOTAL ASSETS

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES
Notes payable
Accounts payable and accrued liabilities
Provision for warranty expense
Cash dividends payable
U.S. and foreign income taxes
TOTAL CURRENT LIABILITIES
NONCURRENT INDEBTEDNESS
DEFERRED INCOME TAXES
MINORITY INTERESTS IN SUBSIDIARY COMPANIES
TOTAL LIABILITIES

STOCKHOLDERS' EQUITY
Preferred stock authorized and unissued
Common stock including capital surplus
Retained earnings
TOTAL STOCKHOLDERS' EQUITY
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

Property, Plant and Equipment

Ten-Year Comparison (in thousands of dollars) For the Calendar Year

COST
At beginning of year
Expenditures during year
Other additions—initial consolidation of subsidiaries
Retired or sold during year
At end of year

ACCUMULATED DEPRECIATION
At beginning of year
Charged to operations during year
Other additions—initial consolidation of subsidiaries
Retired or sold during year
At end of year
NET BOOK VALUE

1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
$ 21,259	$ 24,829	$ 26,521	$ 13,549	$ 16,199	$ 12,839	$ 15,830	$ 14,641	$ 10,591	$ 13,026
18,291	949	496	1,912	1,266	5,297	16,580	79,117	24,549	20,296
141,041	138,178	131,452	113,878	98,985	85,525	75,671	40,301	69,197	49,213
103,445	101,007	95,779	84,578	67,071	47,841	35,136	16,683	26,777	22,631
170,243	157,198	162,001	170,152	160,300	138,625	119,396	98,936	85,430	78,286
454,279	422,161	416,249	384,069	343,821	290,127	262,613	249,678	216,544	183,452
276	1,409	1,191	1,348	2,017	3,629	2,082	387	13,922	15,799
11,719	11,246	9,851	340	340	341	447	961	1,278	2,621
238,279	216,472	211,291	202,648	165,638	139,415	122,392	102,476	96,365	95,473
12,026	7,702	6,421	4,567	4,217	5,157	4,851	3,292	4,379	4,971
$716,579	$658,990	$645,003	$592,972	$516,033	$438,669	$392,385	$356,794	$332,488	$302,316
$ 11,671	$ 11,647	$ 81,930	$ 86,340	$ 6,761	$ 3,658	$ 5,776	$	$	$
192,988	182,957	153,409	126,762	90,237	75,850	72,101	59,512	52,492	38,884
33,803	32,530	23,029	12,605	7,992	4,431	4,955	4,354	4,375	3,662
1,733	1,544	1,540	4,188	4,184	4,176	3,824	3,368	3,056	2,622
62,834	49,030	27,986	12,969	19,919	21,277	19,236	19,044	18,911	18,433
303,029	277,708	287,894	242,864	129,093	109,392	105,892	86,278	78,834	63,601
78,380	67,486	57,300	56,000	87,200	42,400	16,600	18,800	18,800	21,000
17,460	16,350	12,840	8,940	3,925					
801	4,523	8,542	7,952	7,572	7,150	6,700	6,212	5,342	2,218
399,670	366,067	366,576	315,756	227,790	158,942	129,192	111,290	102,976	86,819
88,715	82,332	82,332	82,332	82,332	82,332	82,332	82,332	82,332	82,332
228,194	210,591	196,095	194,884	205,911	197,395	180,861	163,172	147,180	133,165
316,909	292,923	278,427	277,216	288,243	279,727	263,193	245,504	229,512	215,497
$716,579	$658,990	$645,003	$592,972	$516,033	$438,669	$392,385	$356,794	$332,488	$302,316

1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
$426,381	$406,685	$383,355	$334,556	$298,317	$266,404	$232,858	$214,948	$198,827	$176,502
41,897	24,283	25,340	50,523	37,388	33,509	34,807	19,610	12,265	23,101
		131			444		119	5,177	
(7,739)	(4,587)	(2,141)	(1,724)	(1,149)	(2,040)	(1,261)	(1,819)	(1,321)	(776)
460,539	426,381	406,685	383,355	334,556	298,317	266,404	232,858	214,948	198,827
209,909	195,394	180,707	168,918	158,902	144,012	130,382	118,583	103,354	92,823
19,403	18,396	16,417	13,439	10,934	16,436	14,778	13,519	12,825	11,227
		119			247		29	3,613	
(7,052)	(3,881)	(1,849)	(1,650)	(918)	(1,793)	(1,148)	(1,749)	(1,209)	(696)
222,260	209,909	195,394	180,707	168,918	158,902	144,012	130,382	118,583	103,354
$238,279	$216,472	$211,291	$202,648	$165,638	$139,415	$122,392	$102,476	$ 96,365	$ 95,473

The Babcock & Wilcox Company

Incorporated in 1881 from a partnership formed in 1867.

Directors and Officers

Directors

M. NIELSEN, Chairman
GEORGE G. ZIPF, President

W. O. BAKER
JOHN L. BURNS
R. J. CANTWELL
*WALTHER H. FELDMANN
DONALD N. FREY
*J. ROY GORDON
GEORGE C. KERN, JR.
JAMES C. PARLEE
A. P. TABER
W. L. WEARLY
SAMUEL H. WOOLLEY
*Honorary Director

Corporate Officers

President and Chief Executive Officer
GEORGE G. ZIPF

Group Vice Presidents
H. D. KURT
A. P. TABER

Vice Presidents
R. J. CANTWELL
CARL CLAUS
W. H. JACKSON
G. W. KESSLER
G. W. KROSS, JR.
H. H. POOR
A. C. TENDLER
W. M. VANNOY
L. B. WOHLGEMUTH

Vice President and Secretary
MARTIN VICTOR

Controller
H. D. KENNEY

Treasurer
W. P. CATTERSON

Organization

Operating Groups

Power Generation Group
A. P. TABER, Group Vice President

Babcock & Wilcox Canada Ltd.
J. M. DOUGLAS, President

B&W Construction Company
G. A. PROFITA, Division Vice President

Fossil Power Generation Division
E. M. GRIFFIN, Division Vice President

Industrial and Marine Division
A. W. JACKSON, Division Vice President

Nuclear Equipment Division
L. M. FAVRET, Division Vice President

Nuclear Power Generation Division
P. H. REINKER, Division Vice President

Industrial Products Group
H. D. KURT, Group Vice President

Automated Machine Division
S. W. BARANYK, Division Vice President

Bailey Meter Company
C. E. JONES, President

Control Components, Inc.
R. E. SELF, President

Diamond Power Specialty Corporation
J. L. MENSON, President

Other Operating Divisions and Subsidiaries

Naval Nuclear Fuel Division
W. M. VANNOY, Vice President

Nuclear Materials and Equipment Corporation
W. A. CAMERON, President

Refractories Division
R. P. STUNTZ, Division Vice President

Tubular Products Division
G. W. KROSS, JR., Vice President

Service Divisions

Finance & Accounting Division
R. J. CANTWELL, Vice President

Research and Development Division
H. H. POOR, Vice President

Staff Division
CARL CLAUS, Vice President

Washington Office
J. TAYLOR, JR., General Manager

General Offices
161 E. 42nd Street
New York, N.Y. 10017

Washington, D. C. Office
1725 K Street, N.W.
Washington, D. C. 20006

Stock Transfer Agent
Bankers Trust Company
16 Wall Street, New York, N.Y. 10015

Registrar
The Bank of New York
48 Wall Street, New York, N.Y. 10015

General Counsel
Sullivan & Cromwell
48 Wall Street, New York, N.Y. 10005

Independent Accountants
Price Waterhouse & Co.
60 Broad Street, New York, N.Y. 10004

Stock Listed
New York Stock Exchange and
Pacific Stock Exchange

Notice to Stockholders
The Annual Meeting of Stockholders will be held at 10 A.M., Wednesday, April 25, 1973, in the Biltmore Hotel, New York City. A formal notice of the meeting with a proxy statement and form of proxy will be mailed to each stockholder March 16.

Facilities

Power Generation Group

BABCOCK & WILCOX CANADA LTD.
Cambridge, Ont., Canada

B&W CONSTRUCTION COMPANY
Canton, Ohio
Copley, Ohio

FOSSIL POWER GENERATION DIVISION
Barberton, Ohio
Brunswick, Ga.
Canton, Ohio
Paris, Texas
West Point, Miss.

INDUSTRIAL AND MARINE DIVISION
Barberton, Ohio
Canton, Ohio
Wilmington, N. C.

NUCLEAR EQUIPMENT DIVISION
Barberton, Ohio
Mount Vernon, Ind.

NUCLEAR POWER GENERATION DIVISION
Lynchburg, Va.

    BABCOCK-BROWN BOVERI REAKTOR, GmbH
    Mannheim, West Germany

Industrial Products Group

AUTOMATED MACHINE DIVISION

    W. F. & JOHN BARNES
    Rockford, Ill.

    CENTURY-DETROIT AND B&W AUTOMATION
    Southfield, Mich.

    DETROIT BROACH & MACHINE
    Rochester, Mich.
    Greer, S.C.
    Ponce, Puerto Rico

BAILEY METER COMPANY
Cleveland, Ohio
Wickliffe, Ohio

    BELFAB
    Daytona Beach, Fla.

    BAILEY JAPAN COMPANY, LIMITED
    Tokyo, Japan

    BAILEY METER AUSTRALIA PTY. LTD.
    Regents Park, N.S.W., Australia

    BAILEY METER COMPANY LIMITED
    Pointe-Claire, Que., Canada

    FIBRAS CERAMICAS INC.
    Ponce, Puerto Rico

    BAILEY METER GmbH
    Mannheim, West Germany

CONTROL COMPONENTS, INC.
Irvine, Calif.

DIAMOND POWER SPECIALTY CORPORATION
Lancaster, Ohio

    MIRROR INSULATION
    Lancaster, Ohio

    DIAMOND CANAPOWER
    Burlington, Ont., Canada

    DIAMOND POWER SPECIALTY LTD.
    Dumbarton, Scotland

    DIAMOND SUPERIOR A.B.
    Bromma, Sweden

    DIAMOND POWER GmbH
    Oberhausen, West Germany

Other Operating Divisions and Subsidiaries

NAVAL NUCLEAR FUEL DIVISION
Lynchburg, Va.

NUCLEAR MATERIALS AND EQUIPMENT CORPORATION
Apollo, Pa.
Parks Township, Pa.

REFRACTORIES DIVISION
Augusta, Ga.
Hephzibah, Ga.

    BABCOCK & WILCOX REFRACTORIES LIMITED
    Burlington, Ont., Canada

    PRODUCTOS DE CAOLIN, INC.
    Ponce, Puerto Rico

TUBULAR PRODUCTS DIVISION
Alliance, Ohio
Ambridge, Pa.
Beaver Falls, Pa.
Elkhart, Ind.
Milwaukee, Wis.

    BABCOCK & WILCOX TUBULAR PRODUCTS LIMITED
    Toronto, Ont., Canada

Service Divisions

FINANCE & ACCOUNTING DIVISION
New York, N. Y.

RESEARCH AND DEVELOPMENT DIVISION
Alliance, Ohio
Lynchburg, Va.

STAFF DIVISION
New York, N. Y.
    Washington, D .C.

Products

Power Generation Equipment

Complete nuclear and fossil-fuel fired steam generating systems • Nuclear fuel • Industrial steam generating equipment • Marine boilers • Regenerative and tubular air heaters • Gas cleanup systems • Cleaning systems for heat transfer surfaces • Cooling towers • Control and performance computers • Automatic controls and instruments • Nuclear reactor control-rod drives • Superheaters • Desuperheaters • Economizers • Coal feeders • Water-level gauges • Pulverizers

Nuclear Energy Services

Fuel management services • Advanced fuels development • Irradiation and hot cell services • Nuclear operations management training • Simulator training • Nuclear in-service inspection equipment

Tubular Products

Stainless, alloy or carbon steel seamless and welded tubes and pipe for all types of pressure and mechanical applications • Extrusions—tubular and solid shapes • Welding fittings and flanges • Seamless rolled rings

Automation Equipment and Control Systems

Instruments and controls for industrial processes • Fluidic control systems and components • Process control computers

Machine Tools and Related Products

Precision boring machines • Broaching machines and tools • Hydrostatic ID and OD grinders • Production tracer lathes • Numerical control machines • Special machines • Transfer and multiple-station machines • Automatic assembly machines

Refractories Products

Kaolin clays • Ceramic fibers • Insulating firebrick • Specialty firebrick • Plastics, mortars, castables, ramming mixes and calcines • Special oxide refractories • Silicon carbide • Vacuum formed fiber elements supports and platinized substrates

Pollution Control Systems

Combustion control systems • Filter systems • Gas absorption systems • Smoke and dust density recorders • Wet scrubber systems • Dry scrubber systems • Limestone scrubber systems • Magnesium oxide scrubber systems

Special Equipment

Precision welded bellows • Alloy castings • Pulverized-coal injection systems for blast furnaces • Hollow forgings for steam piping and other uses • Tubular hoods for basic oxygen and electric furnaces • Reflective metallic thermal insulation • Heavy pressure vessels and heat exchangers • Centrifugal pumps • Recovery processes for the pulp industry • Stud tensioners • Special purpose valves • Advanced composites • Sensing and guarding devices for machine operator protection and feeding devices for loading and unloading metal forming machines

Incinerators

Waste disposal systems for marine, industrial and municipal use

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